

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 PM-05 NSC-05 SP-02 SS-15 CIAE-00
INR-10 NSAE-00 L-03 DODE-00 OMB-01 AF-10 LAB-04
SIL-01 /069 W
-----034166 121908Z /50

R 121729Z JUN 78
FM AMEMBASSY LISBON
TO SECSTATE WASHDC 6003
INFO AMCONSUL PONTA DELGADA
COMUSFORAZ

C O N F I D E N T I A L SECTION 1 OF 2 LISBON 4336

E.O. 11652: GDS
TAGS: MARR PO
SUBJECT: CONVERSATION WITH FOREIGN MINISTER ON AZORES BASE
AGREEMENT

REF: LISBON 4300

SUMMARY: IN A MEETING ON JUNE 12 SA MACHADO AND I HAD
AN EXTENSIVE DISCUSSION OF THE AZORES BASE AGREEMENT
SITUATION. HE AGREED THAT HE SHOULD TAKE PERSONAL CHARGE
OF THE "NEGOTIATIONS" WITH THE AZOREANS AND EXPRESSED HIS
DETERMINATION TO HAVE A COORDINATED PORTUGUESE POSITION
BEFORE THE END OF THIS MONTH. END SUMMARY.

1. I TOLD THE FOREIGN MINISTER THAT LATER THIS WEEK I
WOULD BE SEEING THE SECRETARY AT A CHIEFS OF MISSION
CONFERENCE. I ALSO TOLD HIM THAT I WOULD BE GOING TO
WASHINGTON AT THE END OF THE MONTH FOR CONSULTATIONS
REGARDING FUTURE US-PORTUGUESE COOPERATION. HE WOULD
UNDERSTAND THAT ON BOTH OCCASIONS IT WOULD BE HELPFUL TO
BE ABLE TO REPORT SOMETHING CONCRETE ON THE LAJES
NEGOTIATIONS.

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2. THE FOREIGN MINISTER SAID THAT HE HAD PROMISED THE
USG DURING THE NATO SUMMIT BILATERALS THAT A NEW
LAJES AGREEMENT WOULD BE CONCLUDED BEFORE THE END
OF JUNE. THERE WERE NOW THREE POINTS THAT HAD TO
BE CLEARED UP WITH THE AZOREANS. FIRST, WAS THEIR
REQUEST THAT THE TREATY BE FOR 8 YEARS, RATHER THAN
THE 10 PROPOSED BY THE US SIDE. SECOND WAS THE AZOREANS'

INSISTENCE ON AN ECONOMIC QUID OF \$100 MILLION. THE THIRD WAS THE AZOREANS REQUEST FOR CERTAIN MODIFICATIONS OF EXISTING LABOR ARRANGEMENTS. VILLAS-BOAS' CONVERSATION WITH DEPUTY ASSISTANT SECRETARY BARBOUR HAD HELPED TO CLARIFY THE US POSITION ON THESE POINTS. THE GOP WOULD ACCEPT OUR POINT THAT THE TREATY HAD TO BE FOR AT LEAST NINE YEARS. ON THE AMOUNT OF THE QUID, THE MINISTER ASKED FOR MY VIEWS. I TOLD HIM THAT ONCE AN OVERALL QUID HAD BEEN AGREED UPON, THE US SIDE COULD PROBABLY ACCEDE TO PORTUGUESE WISHES REGARDING THE SPLIT BETWEEN MILITARY AND ECONOMIC ASSISTANCE. HOWEVER, IN MY VIEW, IT WOULD BE UNWISE FOR THE GOP TO GO FOR \$100 MILLION FOR THE ECONOMIC QUID, EVEN IF IT COULD OBTAIN THAT AMOUNT WITHIN THE OVERALL TOTAL EVENTUALLY AGREED UPON. I POINTED OUT THAT THE AZOREANS WOULD HAVE GREAT DIFFICULTY ABSORBING THAT MUCH IN PROJECT ASSISTANCE; MORE IMPORTANT, PERHAPS, WAS THAT WHATEVER WENT FOR THE AZORES IN THAT FASHION WOULD INEVITABLY MEAN LESS ASSISTANCE AVAILABLE TO THE CENTRAL GOVERNMENT FOR OTHER ECONOMIC PURPOSES. AND FINALLY, IF THE \$100 MILLION FIGURE WERE ACHIEVED BY REDUCING THE MILITARY QUID, THE PORTUGUESE ARMED FORCES COULD NOT COUNT ON MAKING UP THE LOSS THROUGH REGULAR MAP ASSISTANCE, INASMUCH AS THERE WAS PRESSURE IN WASHINGTON TO REDUCE MAP ON A WORLD-WIDE BASIS. WITH RESPECT TO THE LABOR QUESTIONS, I SAID THAT THE US SIDE COULD NOT

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ACCEPT AN ARRANGEMENT BY WHICH THE AZOREAN LABOR UNIONS WOULD DEAL DIRECTLY WITH THE US COMMAND INSTEAD OF, AS AT PRESENT, THROUGH THE PORTUGUESE AIR FORCE. I TOLD HIM THAT I HAD ALREADY MENTIONED THIS PROBLEM TO THE LABOR MINISTER, WHO STRONGLY AGREED WITH ME. I SUGGESTED THAT HE CONSULT HIS LABOR COLLEAGUE ON THOSE ASPECTS OF THE AGREEMENT.

3. SA MACHADO SAID THAT HE AGREED WITH ME ON THE QUESTION OF THE ECONOMIC-MILITARY SPLIT, BUT HE DID NOT INDICATE WHETHER HE WOULD BE ABLE TO OVERCOME THE AZOREANS ON THAT POINT. (I HAVE THE IMPRESSION THAT THIS MATTER MAY NOT BE COMPLETELY IN HIS HANDS, AND THAT PRESIDENT EANES MAY BE SEEKING TO MEET THE AZOREANS' DEMANDS.) HE ALSO AGREED WITH MY POINT ABOUT THE HANDLING OF LABOR NEGOTIATIONS AND PROMISED TO CONSULT LABOR MINISTER GONELHA.

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C O N F I D E N T I A L SECTION 2 OF 2 LISBON 4336

4. MFA POLITICAL DIRECTOR VILLAS-BOAS, WHO WAS PRESENT THROUGHOUT THE CONVERSATION, COMMENTED THAT IT WOULD BE DIFFICULT TO TELL THE AZOREANS THAT THE CENTRAL GOVERNMENT DID NOT ACCEPT ANY OF THEIR THREE POINTS. I USED THIS OPPORTUNITY TO SUGGEST TO THE FOREIGN MINISTER THAT IT WAS NOW TIME TO ELEVATE THE CENTRAL GOVERNMENT'S NEGOTIATIONS WITH THE AZOREANS TO A HIGH POLITICAL LEVEL, NAMELY THE MINISTER HIMSELF. I ALSO POINTED OUT THAT IF THE USG WERE TO AGREE TO INCREASE THE ECONOMIC ANTE TO \$80 MILLION, THIS WOULD BE A SUBSTANTIAL MOVE TOWARD THE AZOREANS' DESIRE FOR MORE MONEY.

5. THE FOREIGN MINISTER AGREED THAT HE MUST TAKE A PERSONAL HAND IN THE MATTER. HE SAID THAT THE AZOREAN REPRESENTATIVE ON THE INTER-MINISTERIAL COMMITTEE HAD INDICATED THAT HE WOULD BE UNAVAILABLE TO PARTICIPATE IN ANOTHER MEETING OF THAT GROUP UNTIL JUNE 26, BECAUSE THE REGIONAL ASSEMBLY, OF WHICH HE WAS A MEMBER, WAS IN SESSION. THE FOREIGN MINISTER SAID THAT THIS WAS UNACCEPTABLE TO HIM AND THAT IF NECESSARY "WE SHALL GO TO THE AZORES TO SETTLE THIS PROBLEM". AT A LATER POINT IN THE CONVERSATION I AGAIN FOUND AN OPPORTUNITY TO URGE HIM TO HANDLE THE AZOREAN PROBLEM PERSONALLY AND HE
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AGAIN ASSENTED.

6. COMMENT: BY THE END OF THE CONVERSATION IT WAS OBVIOUS THAT THE MINISTER'S WASHINGTON TALK OF

WINDING UP THE AGREEMENT THIS MONTH WILL BE A
PRACTICAL IMPOSSIBILITY. HE HIMSELF WILL BE OUT
OF THE COUNTRY FOR TWO DAYS THIS WEEK AND THE BETTER
PART OF NEXT WEEK. UNDER THESE CIRCUMSTANCES THE
MOST THAT WE MIGHT HOPE FOR IS THAT HE WILL SOMEHOW
FIND TIME TO SETTLE WITH THE AZOREANS AND GIVE US A
UNIFIED GOP POSITION BY THE END OF THE MONTH. IN THE
MEANTIME, I AM USING OTHER POLITICAL CHANNELS TO SOARES
AND THE LEADERSHIP OF THE CDS TO INDICATE THAT THE
SNAIL'S PACE ON THIS MATTER IS BECOMING EMBARRASSING
FOR THE GOP AND ITS FRIENDS IN THE U.S.
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